19.   (New) The apparatus of claim 6 wherein said card reader is adapted to deduct said selected minimum value from said card only if said beginning of said broadcast segment was in said buffer.

20.   (New) The method of claim 10, further comprising the step of determining whether to deduct value from said card based on whether said beginning of said broadcast segment was in said buffer.

REMARKS

By the present amendment, claims 1, 10 and 13 have been amended, and new claims 19 and 20 have been added. Claims 1-20 are pending in the application, following the Continued Prosecution Application (CPA) filed concurrently herewith.

The Applicant would like to thank the Examiner for his courtesy during the interview conducted on July 9, 2002. The above amendments reflect the Applicant's understanding of the agreement reached during the interview as to allowable subject matter.

In the Office Action mailed April 11, 2002, the Examiner rejected parent application claims 1-18 under 35 U.S.C. §103(a) as being unpatentable over Payton, U.S. Patent No. 5,790,909, in view of Iwamura, U.S. Patent No. 6,272,535, Park, U.S. Patent No. 5,757,909 and Stepp et al., U.S. Patent No. 6,363,440. The above amendments to independent claims 1, 10 and 13 define the received encrypted digital signal as comprising a broadcast segment. A broadcast segment refers to a "song" in an audio program, or it could be the portion between commercials, or any other logical temporal unit. Furthermore, broadcast segment is not meant to be limited to audio programs, but could include video segments, or any other segmented broadcast information. The amended independent claims further define the invention as recording the encrypted digital audio signal onto the first recording medium only if the beginning of the broadcast segment is present in the buffer. Thus, for example, the invention enables an entire song to be captured and recorded in its entirety, even if the user decides to record it midway through the song's broadcast. This feature is not described in Payton, Iwamura, Park or Stepp et al. Reconsideration of claims 1-20 are requested.

New claims 19 and 20 further define a feature related to a card which stores monetary value. The system and method of the present invention deducts value from the card in order to decipher and play a song from the first recording medium. However,

according to the invention as further defined in claims 19 and 20, monetary value is only deducted if the entire broadcast segment can be captured, i.e., if the beginning of the broadcast segment (e.g. song) is in the buffer, and can be recorded along with the remainder of the segment. If the beginning if the song is not present in the buffer, then monetary value is not deducted from the card.
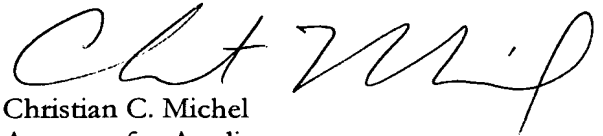
Independent claims 1, 10 and 13 were also amended to clarify the distinction between the "buffer" for storing the encrypted digital signal as it is received, and the "memory device" of the card for storing monetary value. This amendment was intended merely to clarify, and is intended to no way to narrow the scope of the claims. The "buffer" and "memory device" could of course still reside in the same physical memory device.

During the Inteview, U.S. Patent Nos. 5,781,889 and 5,848,398, both to Martin et al., were discussed as directed to a computer jukebox. Applicants are of the opinion that neither Martin reference discloses the features claimed in the present application. For example, neither Martin reference discloses receiving an encrypted digital signal comprising a broadcast segment, storing the signal in a buffer, or recording the signal to a recording medium in response to a user request only if a beginning of the broadcast segment is present in the buffer. Applicants submit herewith an IDS referencing the two Martin et al. patents and request formal consideration of these references by the Examiner to be acknowledged.

Attached hereto is a marked-up version of the changes made to the claims by the current amendment. The attached page is captioned "Version with markings to show changes made."

4

In view of the foregoing, the application, including claims 1-20, is believed to be in condition for allowance. If the Examiner has any questions regarding any of the foregoing, the Examiner is invited to contact the undersigned.

Respectfully submitted,

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Dated: _July 11, 2002_

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5

Claims 1, 10 and 13 have been amended as follows:

1.   (Twice Amended) An apparatus for recording and playing a digital signal, comprising:

a receiver for receiving an encrypted digital signal <u>comprising a broadcast segment</u>;

a [memory] <u>buffer</u> connected to said receiver for storing at least part of said digital signal as it is being received;

a recorder connected to said receiver for recording onto a first recording medium said encrypted digital signal in response to a user request if a [predetermined portion] <u>beginning of said broadcast segment</u> [of said digital signal] is in said [memory] <u>buffer</u>;

a player for playing said first recording medium and connected to a card reader; and

a card having a predetermined value for insertion into said card reader;

wherein when said card is inserted into said card reader, said card reader verifies that said predetermined value is at least a selected minimum value and authorizes said player to decipher said first recording medium.

10.   (Twice Amended) A method for recording and playing digital signals, comprising:

receiving an encrypted digital signal <u>comprising a broadcast segment</u>;

storing said encrypted digital signal in a [memory device] <u>buffer</u> as it is being received;

determining whether a [pre-determined portion of said encrypted digital signal] <u>beginning of said broadcast segment</u> is in said [memory device] <u>buffer</u> in response to a user request to record said encrypted digital signal;

recording said encrypted digital signal onto a first recording medium in a recorder and player device if said [pre-determined portion of said encrypted digital signal] <u>beginning of said broadcast segment</u> is stored in said [memory device] <u>buffer</u>;

inserting a card having at least a predetermined value into said recorder and player device;

determining that said predetermined value corresponds to at least a selected minimum value; and

deciphering said encrypted digital signal if said card has said selected minimum value.

13. (Twice Amended) A method for recording and playing an encrypted digital audio broadcast signal, comprising:

receiving an encrypted digital audio broadcast signal <u>comprising a broadcast segment</u>;

storing at least part of said encrypted digital audio broadcast signal in a [memory device] <u>buffer</u> as it is being received;

electing to record said encrypted digital audio broadcast signal onto a first recording medium;

determining whether a [predetermined portion of said encrypted digital audio broadcast signal] <u>beginning of said broadcast segment</u> is in said [memory device] <u>buffer</u>; and

recording said encrypted digital audio broadcast signal onto said first recording medium if said [predetermined portion of said encrypted digital audio broadcast signal] <u>beginning of said broadcast segment</u> is stored in said [memory device] <u>buffer</u>.

New claims 19 and 20 have been added:

19. (New) The apparatus of claim 6, wherein said card reader is adapted to deduct said selected minimum value from said card only if said beginning of said broadcast segment was in said buffer.

20. (New) The method of claim 10, further comprising the step of determining whether to deduct value from said card based on whether said beginning of said broadcast segment was in said buffer.